

**RECEIVED**

APR 11 2011

**EMERGENCY MEDICAL  
SERVICES AGENCY**

**CALIFORNIA TAHOE  
EMERGENCY SERVICES OPERATIONS AUTHORITY**

---

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2008**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**

## **TABLE OF CONTENTS**

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Balance Sheet	3
Statement of Revenues, Expenses and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-11
Supplemental Information:	
Statement of Revenues and Expenses- Compared to Budget	13-14

**ROBERT  
W.  
JOHNSON**  
An Accountancy Corporation  
Certified Public Accountant

6234 BIRDCAGE STREET • CITRUS HEIGHTS, CA 95610-5949 • (916) 723-2555

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
California Tahoe Emergency Services  
Operations Authority  
South Lake Tahoe, California

We have audited the accompanying financial statements of California Tahoe Emergency Services Operations Authority as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Tahoe Emergency Services Operations Authority as of June 30, 2008 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of California Tahoe Emergency Services Operations Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Robert W. Johnson, An Accountancy Corporation*

Citrus Heights, California  
January 24, 2011

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
BALANCE SHEET  
June 30, 2008

ASSETS

Current assets:		
Cash and cash equivalents (Note 3)		\$ 975,556
Receivables:		
Contract	\$ 124,927	
IFT, net of allowance for bad debts of \$34,569	<u>170,539</u>	295,466
Prepaid expenses		3,738
Performance deposit		<u>50,000</u>
Total current assets		1,324,760
Capital assets, at cost (Notes 4 and 5):	721,161	
Less, accumulated depreciation	<u>479,118</u>	
		<u>242,043</u>
		<u>\$1,566,803</u>

LIABILITIES

Current liabilities:		
Capital lease obligations – current (Note 5)		\$ 25,779
Accounts payable		343,444
Accrued interest payable		<u>393</u>
Total current liabilities		369,616
Capital lease obligation – long-term (Note 5)		-

NET ASSETS

Invested in capital assets, net of related debt	\$ 216,264	
Unrestricted (Note 8)	<u>980,923</u>	
		<u>1,197,187</u>
		<u>\$1,566,803</u>

See notes to financial statements

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
for the year ended June 30, 2008

Operating revenues:		
Contract payments		\$1,483,039
IFT revenues (net of contractual allowances)		414,207
Other		<u>          -</u>
Total operating revenues		1,897,246
Operating expenses:		
Personnel costs	\$1,016,094	
Services and supplies	505,561	
Debt service interest	1,934	
Depreciation	<u>98,128</u>	
Total operating expenses		<u>1,621,717</u>
Operating income		275,529
Interest income		<u>823</u>
Increase in net assets		276,352
Total net assets:		
Beginning		<u>920,835</u>
Ending		<u>\$1,197,187</u>

See notes to financial statements

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
for the year ended June 30, 2008

<b>Cash flows from operating activities:</b>		
Cash received from clients and others		\$2,106,888
Cash paid to suppliers for goods and services		<u>(1,568,516)</u>
<b>Net cash provided by operating activities</b>		<b>538,372</b>
<b>Cash flows provided by investing activities:</b>		
Interest income		823
<b>Cash flows from capital and related financing activities:</b>		
Principal payments on capital lease	\$( 24,649)	
Purchase of capital assets	<u>( 85,672)</u>	<u>( 110,321)</u>
<b>Net increase in cash and cash equivalents</b>		<b>428,874</b>
<b>Cash and cash equivalents:</b>		
Beginning of year		<u>546,682</u>
End of year		<u>\$ 975,556</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income		<b>\$ 275,529</b>
<b>Adjustments to reconcile operating income (loss) to cash provided by operating activities:</b>		
Depreciation	\$ 98,128	
Disposal of equipment	-	
<b>Changes in operating assets and liabilities:</b>		
Receivables	209,642	
Prepays	<u>( 107)</u>	
Payables	<u>( 44,820)</u>	<u>262,843</u>
<b>Net cash provided by operating activities</b>		<b><u>\$ 538,372</u></b>

See notes to financial statements

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS

1. Organization:

California Tahoe Emergency Services Operations Authority (the "Authority") was organized under the laws of the State of California on January 24, 2001 and began operations on September 1, 2001. The Authority is a joint exercise of powers entity (JPA) between the City of South Lake Tahoe Fire Department (the "City"), and the Lake Valley Fire Protection District ("Lake Valley").

The purpose of the Authority is to provide ambulance and other emergency medical services within the Lake Tahoe basin and other portions of El Dorado County, as specified by a service agreement with El Dorado County. Powers of the Authority are exercised through a four member Board of Directors made up of each participating entity.

2. Summary of Significant Accounting Policies:

The accounting policies of California Tahoe Emergency Services Operations Authority conform to generally accepted accounting principles applicable to enterprise funds. The Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply financial reporting principles established by the Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Reporting Entity

In determining the reporting entity, the Authority considered all governmental units that were members of the Authority. The reporting entity criteria do not require the inclusion of these entities in the Authority's financial statements principally because the Authority does not exercise oversight responsibility over any member.



CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Fund Accounting

The Authority is an enterprise fund. All operations are accounted for as an enterprise fund.

Enterprise Fund – The enterprise fund is used to account for ambulance operations that are financed and operated in a manner similar to private business enterprises. The intent of the Authority is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The accompanying financial statements are presented as a proprietary fund on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and related liabilities are recognized when the obligation is incurred.

Cash and Investments

The Authority maintains its cash with a bank interest bearing checking account. This cash is collateralized by both the Federal Deposit Insurance Corporation and securities held by the pledging financial institution.

Depreciation

Capital assets are recorded on the basis of purchase cost. Assets acquired by contribution are recorded at estimated cost or fair market value at the date of acquisition.

Depreciation is calculated by the straight-line method over the estimated useful lives of the related assets. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected in income. Maintenance and repairs are charged to expense as incurred.

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Allowance for Doubtful Accounts

The Authority maintains an allowance for doubtful accounts for estimated losses resulting from the inability of patients to make required payments. Management estimates bad debt expense by calculating 9% of IFT revenues. Receivables are written off after two years of non-payment which results in a decrease of allowance for doubtful accounts.

Statement of Cash Flows

All highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis to match the operating statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

3. Cash:

At year-end the carrying amount of the Authority's deposits was \$975,556 and the checking account balance was \$988,056.

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS, continued**

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2008 are as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2008</u>
Ambulances	\$ 618,207	\$ 85,672	\$ 66,063	\$ 637,816
Other equipment	<u>83,345</u>	<u>-</u>	<u>-</u>	<u>83,345</u>
	<u>\$ 701,552</u>	<u>\$ 85,672</u>	<u>\$ 66,063</u>	<u>\$ 721,161</u>

5. Long-term Liabilities:

The Authority entered into a capital lease for the purchase of an ambulance. The underlying cost of the ambulance is \$111,598. The following is a summary of long-term liabilities for year ended June 30, 2008:

	<u>2007</u>	<u>New Debt Issued</u>	<u>Debt Retired</u>	<u>2008</u>	<u>Current Portion</u>
Lease	\$ <u>50,428</u>	\$ <u>-</u>	\$ <u>24,649</u>	\$ <u>25,779</u>	\$ <u>25,779</u>

The schedule of required payments due in subsequent years for the lease is as follows:

<u>Payment Date</u>	<u>Payment Amount</u>	<u>Principal Portion</u>	<u>Interest Portion</u>
09/01/09	\$ <u>26,959</u>	\$ <u>25,779</u>	\$ <u>1,180</u>

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, continued

6. El Dorado County Contract:

El Dorado County contracted with the Authority to provide full service emergency and non-emergency pre hospital advanced life support services and dispatch services for the area known in El Dorado County as CSA No. 3 South Shore Area, except for the Tahoe West Shore Zone of Benefit. Under the terms of this agreement, the Authority receives a set amount per month, which is adjusted annually for volume changes and the consumer price index. The Authority also receives quarterly payments for non-emergency transports that have been billed and collected by the County. The term of the contract is for five years, beginning September 1, 2001 and continuing through August 31, 2006. On September 1, 2006, the Authority earned a total of five (one year) contract extensions.

Under the terms of the contract, audits may be required and certain items may be questioned as not being appropriate under the terms of the contract. Such audits could lead to request for reimbursement to the County.

7. Risk of Loss:

The Authority is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During 2008, the Authority purchased certain commercial insurance coverages to provide for these risks.

8. Net Assets:

Unrestricted:

Board designated – equipment replacement reserve	\$ 371,812
Undesignated	<u>609,111</u>
	\$ <u>980,923</u>

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, continued

9. Subsequent Events:

Management has evaluated subsequent events through January 24, 2011, the date these June 30, 2008 financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES  
COMPARED TO BUDGET  
for the year ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Revenues:</b>			
Contract payments	\$1,325,537	\$1,483,039	\$ 157,502
IFT revenues	775,000	771,583	( 3,417)
Mental health transfers	25,000	-	( 25,000)
Extra work	-	-	-
Less – contractual allowance	-	( 357,376)	( 357,376)
Interest income	800	823	23
Other	-	-	-
<b>Total revenues</b>	<b><u>2,126,337</u></b>	<b><u>1,898,069</u></b>	<b><u>( 228,268)</u></b>
<b>Expenses:</b>			
<b>Personnel:</b>			
SLT personnel	607,055	598,298	8,757
SLT overtime	50,000	48,545	1,455
Lake Valley personnel	315,000	296,653	18,347
Lake Valley overtime	50,000	57,559	( 7,559)
Workers comp.	-	<u>15,039</u>	<u>( 15,039)</u>
<b>Total personnel</b>	<b><u>1,022,055</u></b>	<b><u>1,016,094</u></b>	<b><u>5,961</u></b>
<b>Other operating:</b>			
Bad debt (9% of IFT)	72,000	69,442	2,558
Bill charge fee	52,710	54,857	( 2,147)
PPE/uniforms	7,000	2,486	4,514
Radios	-	556	( 556)
Pagers	-	-	-
Cell phones	2,900	1,666	1,234
Computers/software	-	-	-
Ambulance equipment	3,000	1,339	1,661
Household expenses	-	-	-
Liability insurance	18,000	11,107	6,893
Penalties	3,000	-	3,000
Office	-	632	( 632)

**CALIFORNIA TAHOE EMERGENCY SERVICES OPERATIONS AUTHORITY**  
**STATEMENT OF REVENUES AND EXPENSES, continued**  
**COMPARED TO BUDGET**  
for the year ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Other operating, continued:			
Attorney	\$ 5,000	\$ -	\$ 5,000
Audit/accounting	5,000	2,445	2,555
Directors expense	-	-	-
Consultant	5,000	-	5,000
Physicals	6,800	-	6,800
Dispatch contract	70,000	-	70,000
Administration contract	60,000	37,500	22,500
Medical supplies	95,000	63,282	31,718
Equipment maintenance	5,000	5,616	( 616)
Training and certifications	9,500	5,227	4,273
Travel	3,100	1,770	1,330
Contingency	25,000	-	25,000
Clinical upgrades	1,000	-	1,000
Ambulance #1740	4,500	6,011	( 1,511)
Ambulance #2023	4,500	4,047	453
Ambulance #1741	4,500	5,366	( 866)
Ambulance #5772	4,500	2,936	1,564
Ambulance #7714	4,500	-	4,500
Ambulance rental	6,000	-	6,000
Fuel	45,000	29,276	15,724
SLT IFT reimb.	135,000	100,000	35,000
LVFD IFT reimb.	135,000	100,000	35,000
Depreciation	110,000	98,128	11,872
Debt service	<u>8,566</u>	<u>1,934</u>	<u>6,632</u>
 Total other operation	 <u>911,076</u>	 <u>605,623</u>	 <u>305,453</u>
 Total expenses	 <u>1,933,131</u>	 <u>1,621,717</u>	 <u>311,414</u>
 Excess revenues (expenses)	 <u>\$ 193,206</u>	 <u>\$ 276,352</u>	 <u>\$ 83,146</u>